

Message Text

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ORIGIN AF-10

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FM SECSTATE WASHDC
TO AMEMBASSY LAGOS

C O N F I D E N T I A L STATE 250767

E.O. 11652: GDS

TAGS: EINV, NI

SUBJECT: AIIC CASE

REF: A) LAGOS 11012; B) LAGOS 10326; C) STATE 189032;
D) STATE 137118

1. SUMMARY: WHITE AND CASE ATTORNEY BROWER RECENTLY
DISCUSSED AIIC CASE AT LENGTH WITH AF DEPT. ASST. SEC
HARROP. AMONGST OTHER MATTERS DISCUSSED, BROWER NOTED
AIG'S UNHAPPINESS THAT EMBASSY DID NOT MAKE DEMARCHE
REQUESTED IN REFTEL D TO MEMBER OF SMC. BROWER WANTED
ISSUE RAISED DIRECTLY WITH OBASANJO DURING VISIT TO
WASHINGTON BY APPROPRIATELY HIGH RANKING USG OFFICIAL.
WHILE NOT COMMITTING USG TO RAISING AIIC CASE WITH
OBASANJO, AMBASSADOR HARROP DID AGREE TO INSTRUCT EMBASSY
TO MAKE FURTHER ATTEMPT TO BRING ISSUE TO ATTENTION OF
HIGH LEVEL MEMBER OF FMG. IN-OTHER MEETINGS AT COMMERCE,
TREASURY AND STATE, BROWER PRESENTED LEGAL MEMORANDUM
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CLAIMING EXPROPRIATION WITHOUT ADEQUATE COMPENSATION
FOR 49 PERCENT OF AIIC SHARES PREVIOUSLY ACQUIRED BY FMG.
END SUMMARY.

2. WHITE AND CASE ATTORNEY BROWER (REPRESENTING CLIENT
AMERICAN INTERNATIONAL GROUP (AIG)) CALLED UPON AF DEPUTY

ASSISTANT SECRETARY HARROP TO REVIEW AIIC CASE AND TO MAKE REQUEST THAT ISSUE BE RAISED AT HIGHEST LEVELS DURING OBASANJO VISIT TO WASHINGTON. ALSO PRESENT WERE AF/W DIRECTOR AND NIGERIAN DESK OFFICER.

3. BROWER EXPRESSED HIS CLIENT'S DISMAY AND DISAPPOINTMENT THAT EMBASSY DID NOT MAKE DEMARCHE TO MEMBER SMC AS REQUESTED REF D. BROWER AND CLIENT ARE AWARE SUBSTANCE REF A. BUT DID NOT BELIEVE THEY WOULD BE SUCCESSFUL IN ATTEMPTING TO AROUSE INTEREST OF FINANCE COMMISSIONER TO DISCUSS AIIC CASE HERE IN WASHINGTON. FURTHERMORE, BROWER AND AIG ARE UNHAPPY OVER EMBASSY'S APPROACH TO SECRETARY FOR FINANCE, U.K. BELLO (PER REF A.) AND BEFORE THAT TO MEA'S AFOLABI (REF B.) RATHER THAN TO HIGHER RANKING FMG OFFICIAL.

3. BROWER BELIEVES CONSIDERABLE CONFUSION EXISTS IN BOTH FMG AND EMBASSY AS TO ULTIMATE OBJECTIVES OF AIG. AIG, CLAIMS BROWER, IS WILLING TO BE FLEXIBLE IN ORDER TO REACH MUTUALLY SATISFACTORY SETTLEMENT WITH FMG. AIG HAS EVEN OFFERED TO SUBMIT DISPUTE TO INTERNATIONAL ARBITRATION BUT WAS THWARTED BY FMG. AIG DESIRES A SETTLEMENT WHICH MIGHT ENCOMPASS BOTH A TSA AND A SATISFACTORY LUMP-SUM PAYMENT FOR FIRST 49 PERCENT SHARES "TAKEN" BY FMG AS WELL AS FOR ADDITIONAL 11 PERCENT THAT

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FMG WILL SOON ACQUIRE. BROWER PROMISED TO PROVIDE FOR DEPARTMENT AND EMBASSY PURPOSES ONLY A SPECIFIC STATEMENT OUTLINING AIG OBJECTIVES IN ATTEMPT TO REACH SETTLEMENT WITH FMG. DEPARTMENT WILL POUCH COPY TO EMBASSY UPON RECEIPT FROM WHITE AND CASE.

4. ACTION REQUESTED: UNLESS YOU PERCEIVE OVERRIDING OBJECTION AND CONVEY IT TO DEPARTMENT, CHARGE IS INSTRUCTED TO MAKE DEMARCHE ALONG LINES SPECIFIED IN REFTELS TO APPROPRIATE MEMBER SMC. YOU SHOULD REPORT RESULTS OF YOUR DEMARCHE IMMEDIATELY.

5. WHITE AND CASE HAVE PROVIDED DEPARTMENT AS WELL AS TREASURY AND COMMERCE WITH A MEMORANDUM REGARDING A CLAIM FOR COMPENSATION FROM FMG THAT HAS BEEN PREPARED ON BEHALF OF AIG. DURING MEETINGS WITH STATE AND OTHER AGENCY OFFICERS, BROWER NOTED THAT AIG DOES NOT WISH TO PRESS CLAIM WHILE A CHANCE FOR AN ACCEPTABLE SETTLEMENT (IN TERMS OF TSA AND PRICE FOR 11 PERCENT) EXISTS, BUT COMPANY WANTED TO LAY OUT ITS POSITION SHOULD SETTLEMENT NOT OCCUR AS HOPED. DEPARTMENT HAS POUCHED COPY TO EMBASSY.

6. FYI: AIG OFFICIALS HAVE TOLD DEPARTMENT ON SEVERAL OCCASIONS THAT COMPANY IS PREPARED TO PUBLICIZE ITS CASE (I.E. INADEQUATELY COMPENSATED "EXPROPRIATION") IN AN ATTEMPT TO DAMPEN THE NIGERIAN INVESTMENT CLIMATE AND TO MAKE ITS POSITION CLEAR FOR THE RECORD, IN ORDER TO PROTECT ITS POSITION IN OTHER COUNTRIES. AIG MENTIONED CONTACTING WSJ AND FINANCIAL TIMES AMONGST OTHERS BUT HAS THUS FAR NOT TAKEN ACTION IN THIS RESPECT. VANCE

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